



Analyst Briefing 2024 Interim Results

7 August 2024

Hosted by

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Agenda



- Group strategy
- 2024 Group interim results highlights
- Business performance highlights
- Outlook
- Summary
- Q&A



Group strategy

Our goal is to move Cathay to new heights



Rebuild & Invest

2023 - 24



New Heights

2025 & Beyond



Rebuilding capacity



Group Passenger Flights and Destinations



80% in Q2 2024
80+ destinations



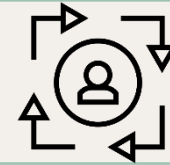
100% in Q1 2025
100 destinations in 2025



Rebuilding workforce



Group Employees



Retention, recruitment and training on track



Over **29,000** employees by end 2024

Rebuilding pride



Accolades



#5 World's Best Airline



World's Best
Economy Class



World's Cleanest Airline



#3 Premium Airline



Investing in fleets



from 2025

777-9



from 2026

A320XLR (2nd order)



from 2027

A350F



from 2028

A330neo



Investing in cabins



from 2024

777-300ER



from 2025

777-9



from 2026

A330ceo

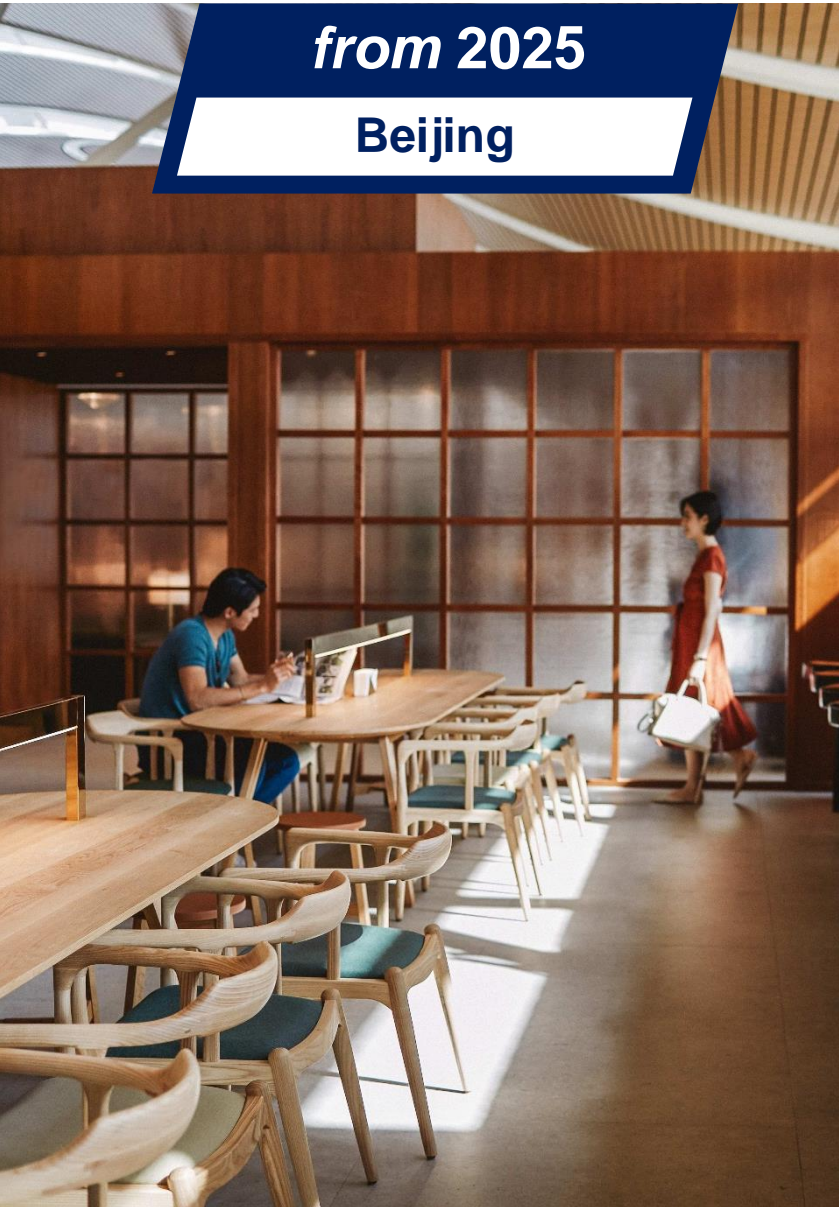


Investing in lounges



from 2025

Beijing



from 2026

New York



from 2026

The Wing





2024 Group interim results highlights

1H 2024 vs 1H 2023 at a glance



HK\$49.6bn

Revenue

HK\$43.6bn

HK\$25.4bn

Available unrestricted
liquidity*

HK\$20.0bn

HK\$3.8bn

Cathay Pacific and
subsidiaries' profit
before exceptional items

HK\$4.8bn

0.61

Gearing*

(excl. lease without asset transfer
components)

0.69

HK\$3.6bn

Group attributable
profit

HK\$4.3bn

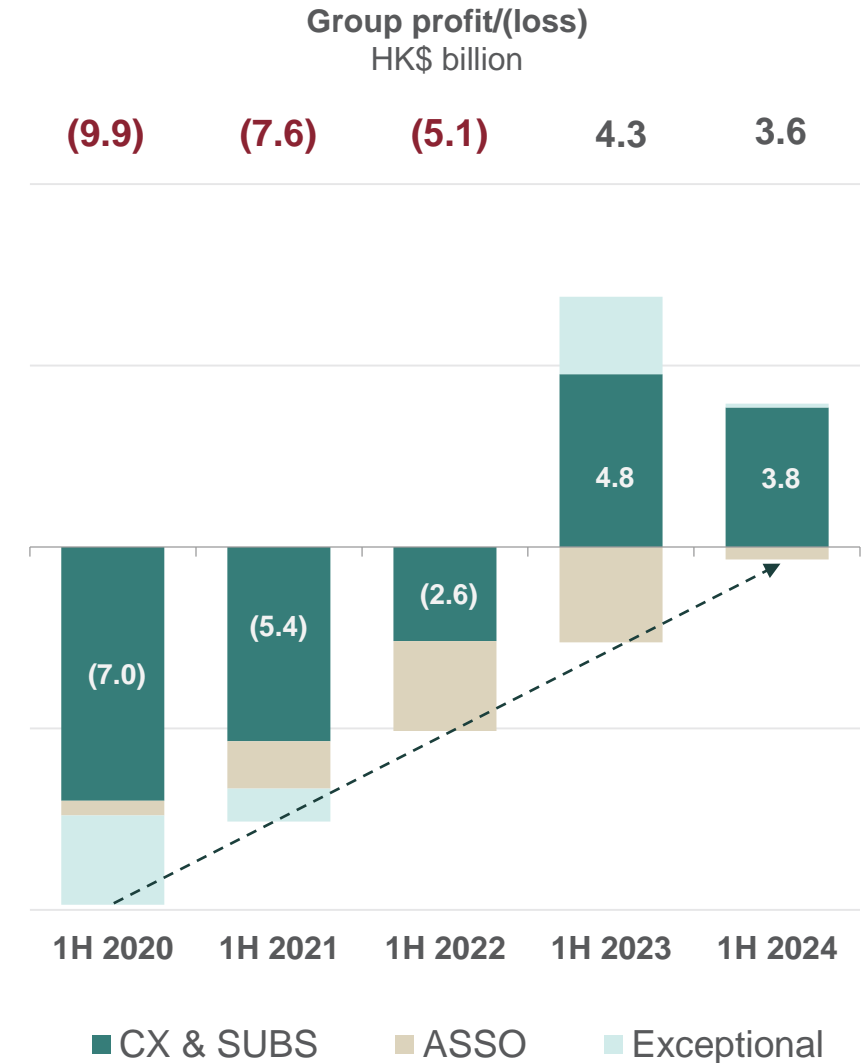
HK\$0.20

Dividend per ordinary
share

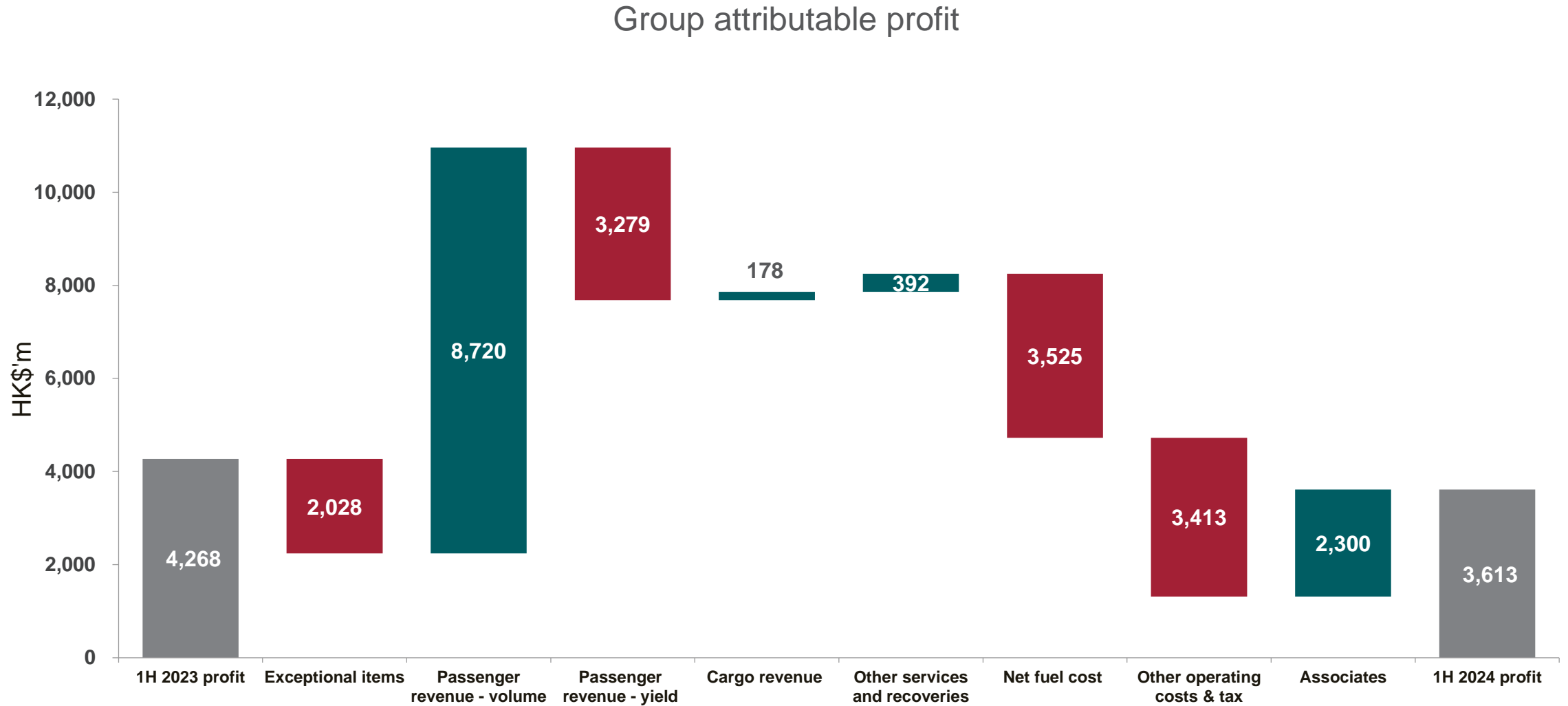
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Strong first half performance including some normalisation of yield ➤

<i>HK\$ million</i>	1H 2024	1H 2023
Cathay Pacific and subsidiaries' profit before exceptional items	3,846	4,763
Exceptional items	109	2,137
Adjusted Group attributable profit	3,955	6,900
Share of losses from associates	(342)	(2,632)
Group attributable profit	3,613	4,268



1H 2023 to 1H 2024 group attributable profit bridge



Exceptional items recorded in 1H 2024



<i>HK\$ million</i>	1H 2024	1H 2023
Adjusted group attributable results	3,504	2,131
Gain on deemed partial disposal of an associate ⁽¹⁾	90	1,929
Net reversal of impairment ⁽²⁾	19	208
Group attributable results	3,613	4,268

Notes:

- (1) On 7 February 2024, the Group's interest in Air China was diluted from 16.26% to 15.87% as a result of Air China issuing 393 million new H shares to a specific investor with proceeds of the issuance totalling HK\$2 billion. A gain on this deemed partial disposal of HK\$90 million was recorded, principally reflecting the change in the Group's share of net assets in Air China immediately before and after the share issuance.
- (2) The net reversal of impairment includes: a HK\$46 million impairment reversal for a previously impaired aircraft returning to service in the first half of 2024; offset by a HK\$27 million impairment of the investment in two associates

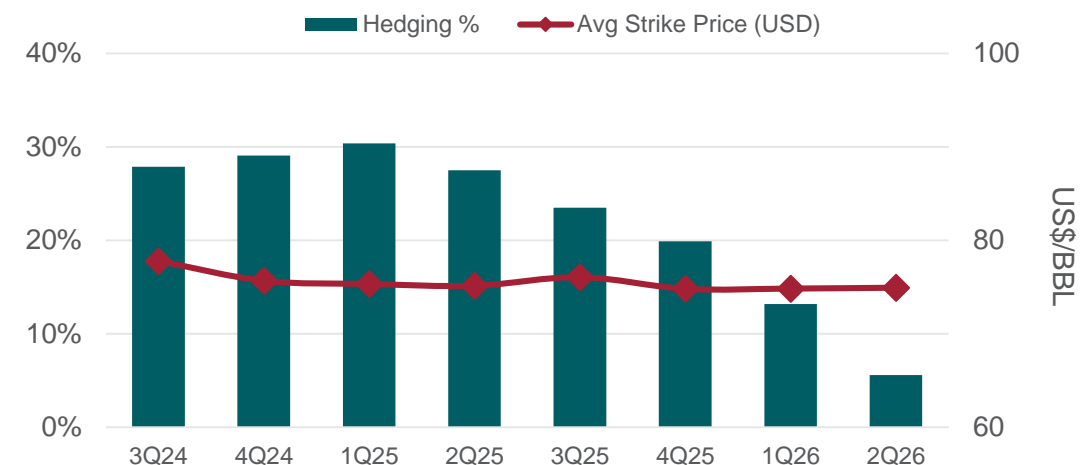
Fuel costs increased mainly due to capacity growth



Jet fuel price



Fuel hedging at 30 June 2024



Fuel costs		1H 2024	1H 2023	% Var
Group gross fuel cost	HK\$ million	14,221	11,118	27.9%
Group fuel hedging gains	HK\$ million	(61)	(483)	-87.4%
Group fuel cost	HK\$ million	14,160	10,635	33.1%

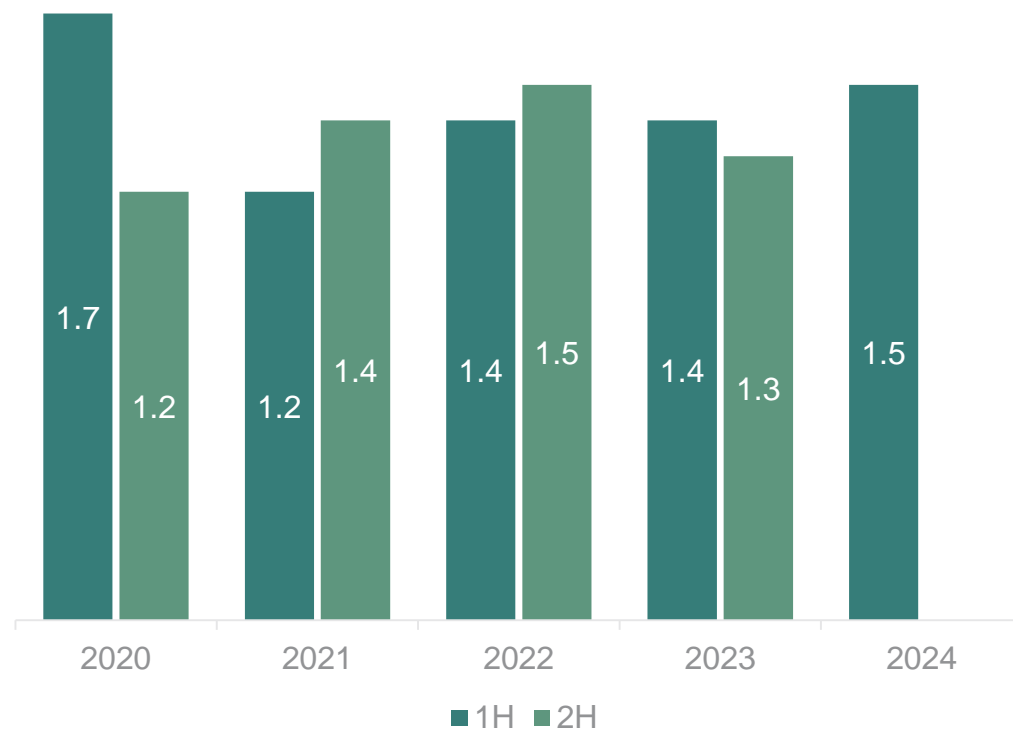
Into-plane fuel price ex hedging	US cents/AG	260.3	262.7	-0.9%
CX Fuel consumption per million ATK	bbl	1,286	1,222	5.2%

- We continue to follow our fuel hedging policy to reduce exposure to fuel price risk by hedging a percentage of expected fuel consumption

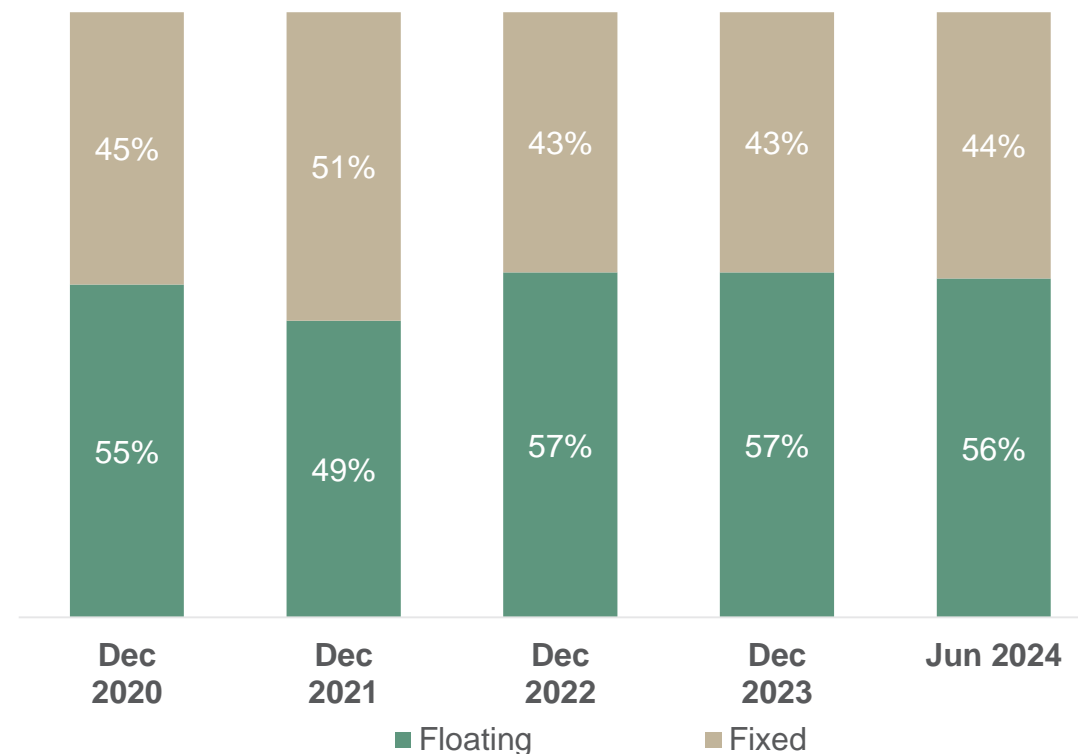
Financing charges and interest rate profile



Net financing charges (HK\$bn)

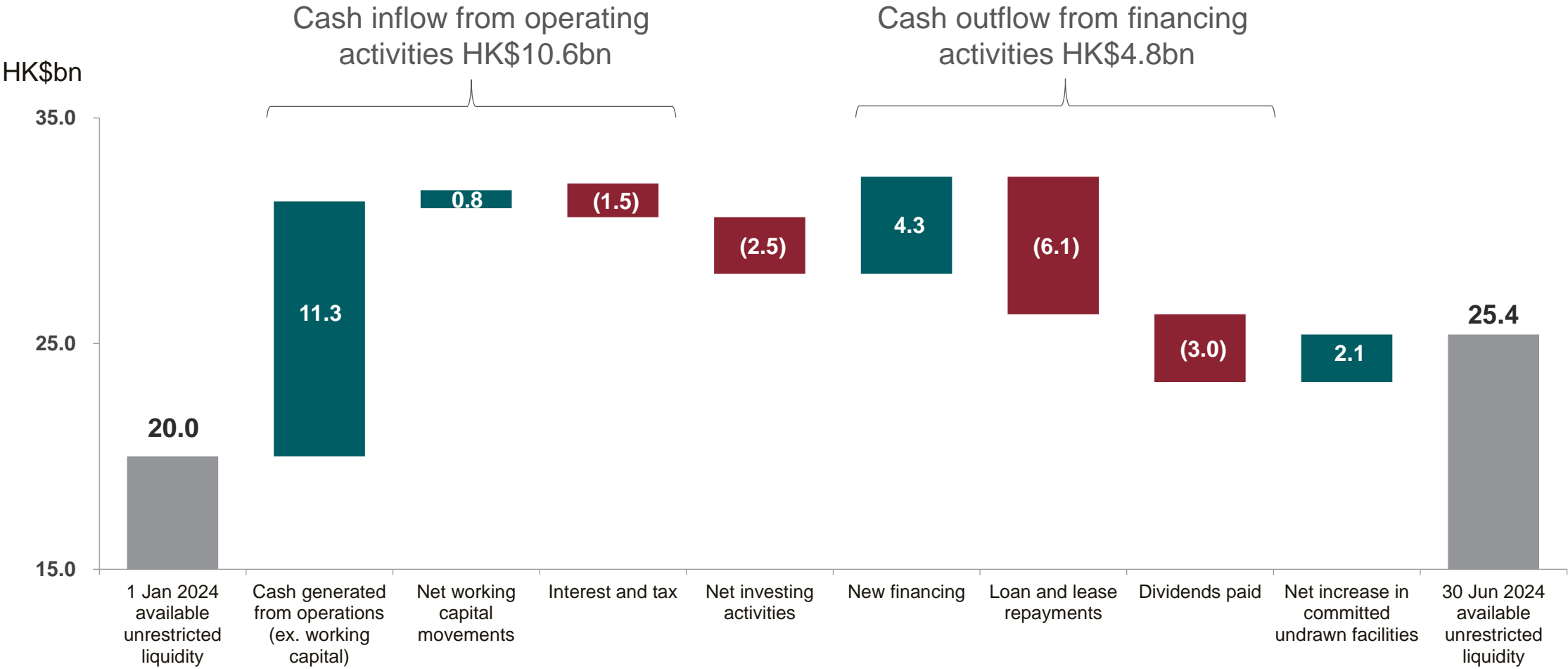


Interest rate profile: borrowings (after derivatives)

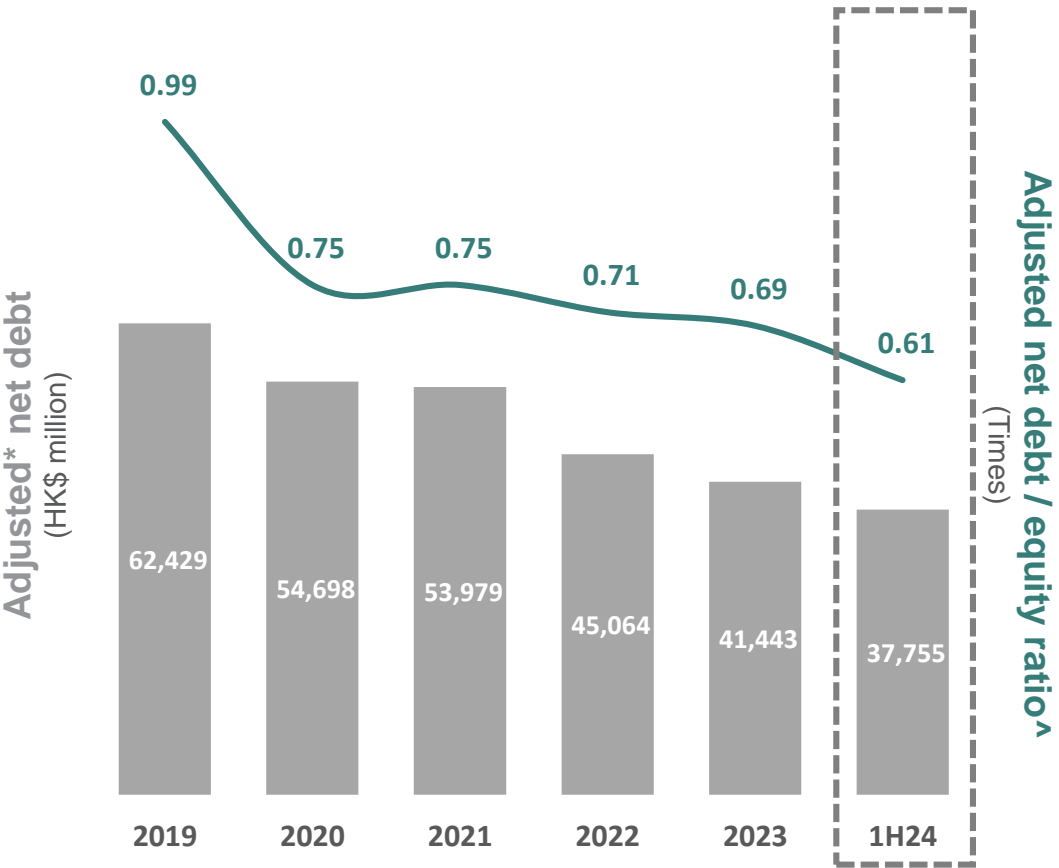
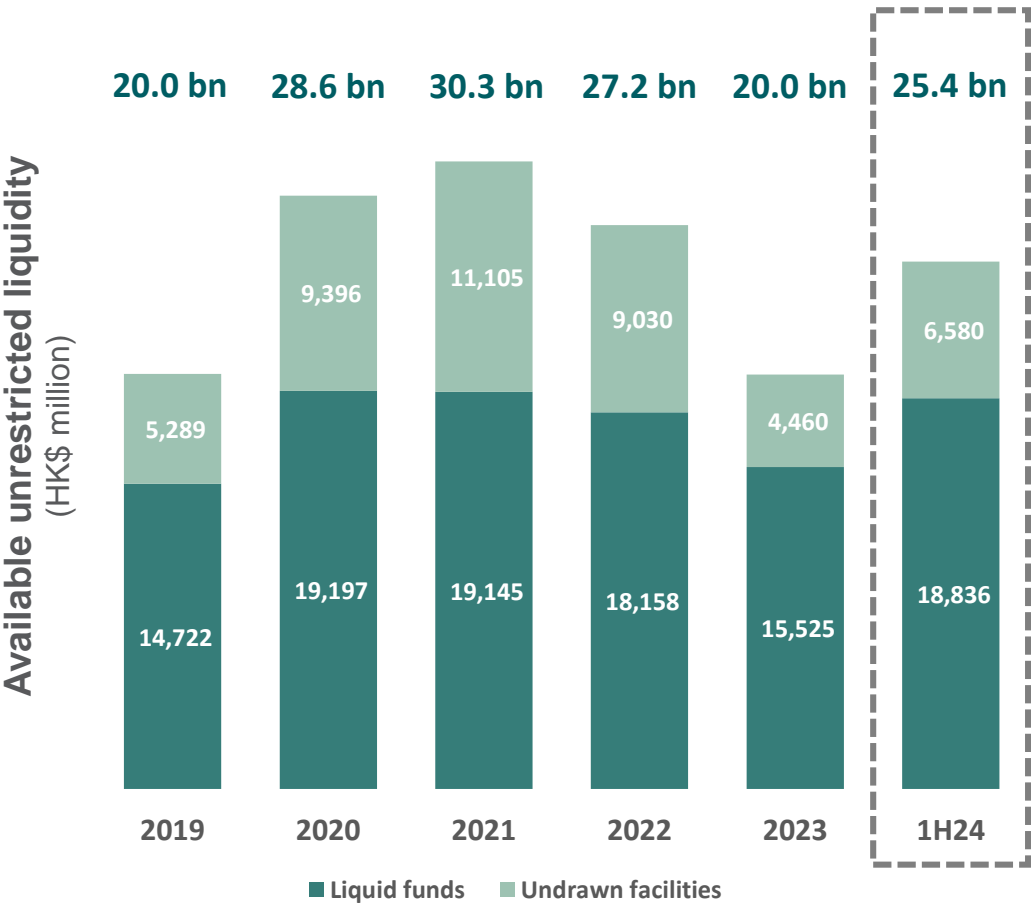


Includes outstanding loans and borrowings, lease liabilities, and interest rate swaps which are hedge accounted for

Strong operating cash performance in 1H



Liquidity position increased to fund preference shares buy back



*: Adjusted net debt excl. lease without asset transfer components
^: Adjusted net debt/ equity ratio and is calculated in line with debt covenants, which is set at a limit of 2.0 times
Note: As at 31 Dec unless otherwise stated



Business performance highlights

- Our Lines of Business
- Our Areas of Leadership

Premium Travel



**Return of our final aircraft parked overseas
in June 2024**



‘Every Move Counts’

introducing our new brand ambassador - Siobhan Haughey

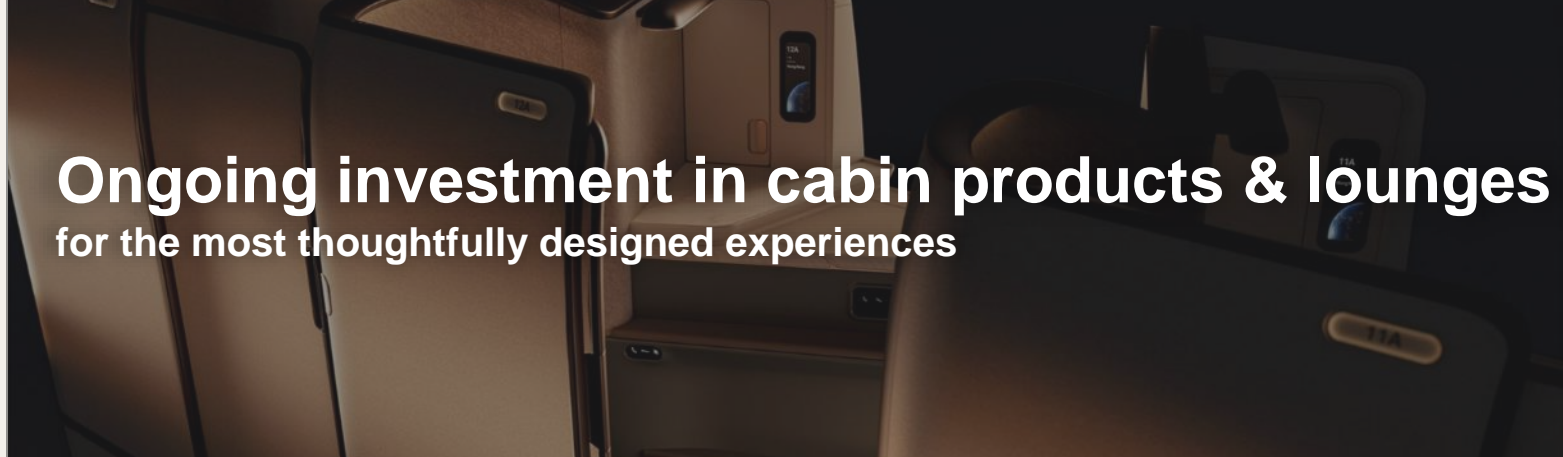
EVERY
MOVE
COUNTS

Progress is the result of
every step forward



Ongoing investment in cabin products & lounges

for the most thoughtfully designed experiences



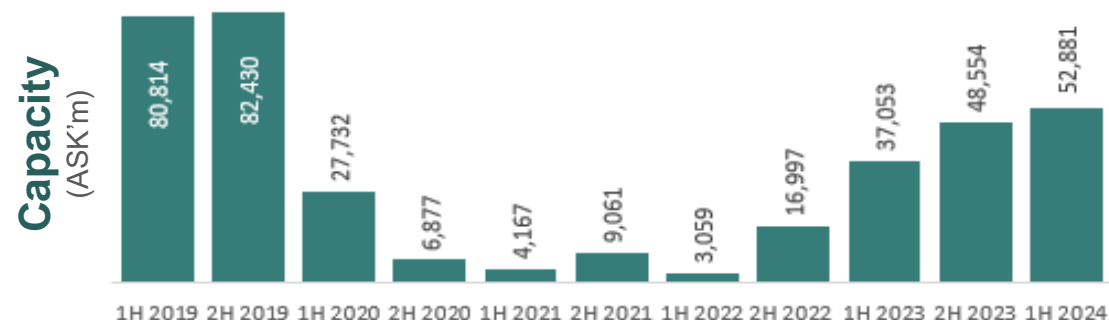
Robust travel demand continued to drive revenue growth



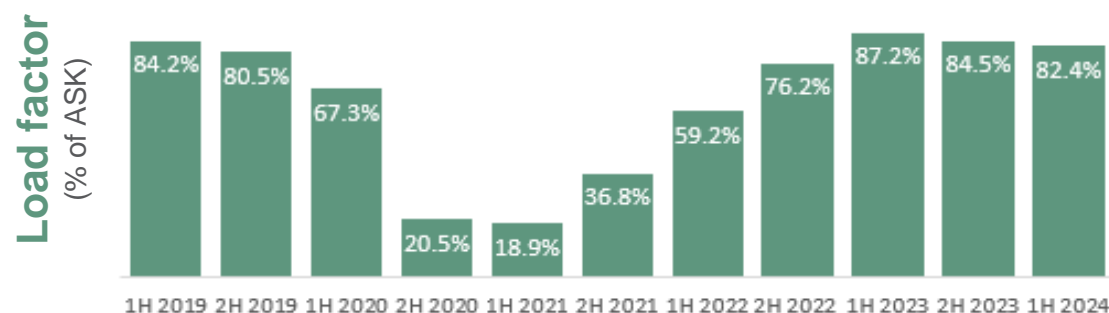
		1H 2024	1H 2023	% Var
Cathay Pacific passenger revenue	HK\$ million	30,017	25,013	+20.0%
Available seat kilometres (ASK)	Million	52,881	37,053	+42.7%
Revenue passenger kilometres (RPK)	Million	43,583	32,308	+34.9%
Revenue passengers carried	'000	10,660	7,816	+36.4%
Passenger load factor	%	82.4	87.2	-4.8%pt
Passenger yield	HK cents	68.9	77.4	-11.0%
Passenger revenue per ASK	HK cents	56.8	67.5	-15.9%

- Continued to add more passenger flights and destinations to our network to cater for the strong demand for travel
- On 30 June 2024, Cathay Pacific and HK Express together carried about 92,000 passengers combined, the highest daily number since the pandemic

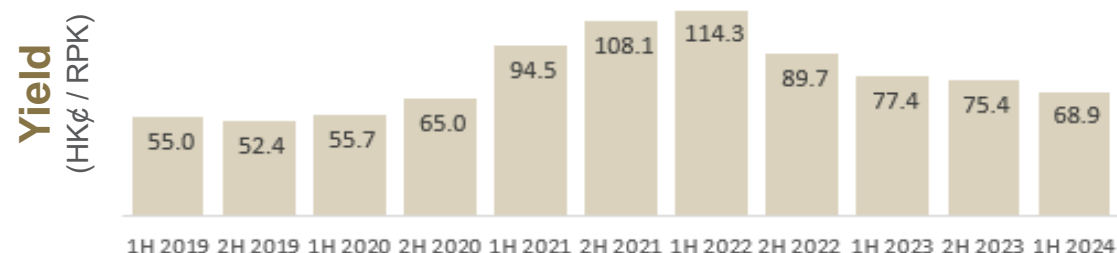
Increased capacity and some normalisation of yields



- 42.7% increase in capacity compared with 1H 2023



- Load factor reduced from the high of 1H 2023



- Passenger yield began to normalise

Cargo



WE KNOW HOW

To move people forward in life by delivering cargo that matters to the world

Air Cargo
Sustainability
Leader of the
Year

STAT Trade Award
2024

Top 5 Airlines
by Absolute
Cargo Growth
(Global)

Changi Airline Awards
2024

Sustainable
Cargo Airline
of the Year – Asia
Region

Freightweek 2024
Sustainability Awards
2024

Best Green
Air Cargo
Carrier

AFLAS Awards 2024



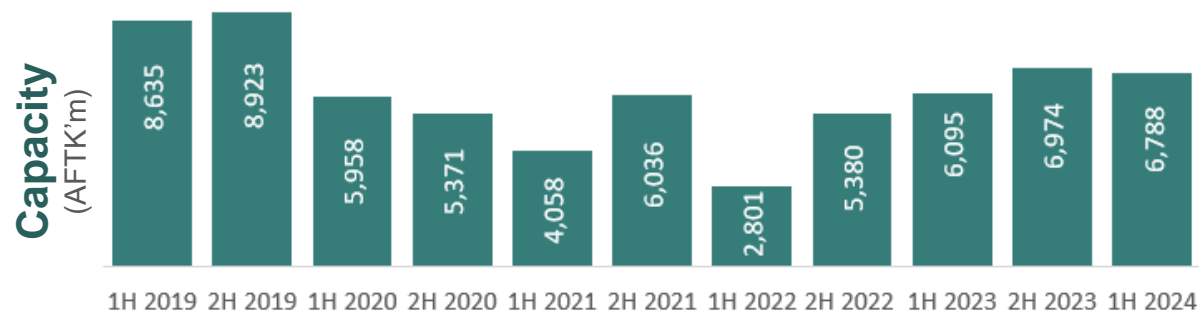
Solid performance of our cargo business



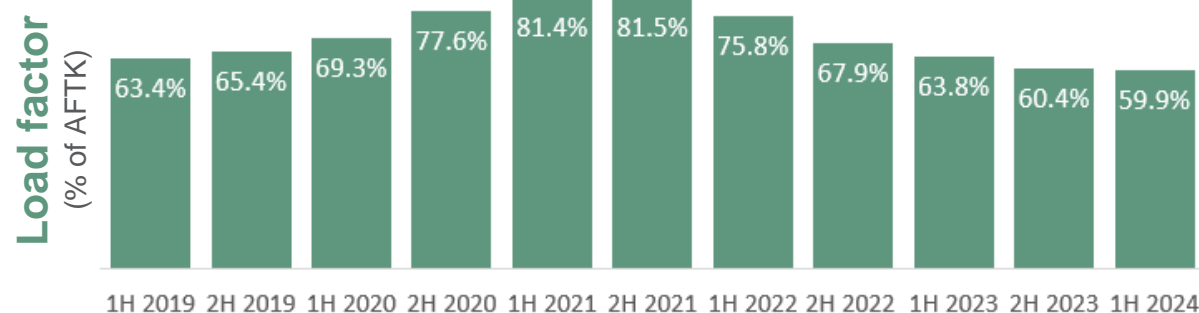
		1H 2024	1H 2023	% Var
Cathay Pacific cargo revenue	HK\$ million	10,902	10,741	+1.5%
Available cargo tonne kilometres (AFTK)	Million	6,788	6,095	+11.4%
Cargo revenue tonne kilometres (RFTK)	Million	4,063	3,886	+4.6%
Cargo carried	'000 tonnes	719	651	+10.4%
Cargo load factor	%	59.9	63.8	-3.9%pt
Cargo yield	HK\$	2.68	2.76	-2.9%
Cargo revenue per AFTK	HK\$	1.61	1.76	-8.5%

- The growth in cargo capacity was driven primarily by the increase of belly capacity as we rebuilt the passenger network
- Solid support from e-commerce business, especially from the Chinese Mainland on long-haul routes to the Americas

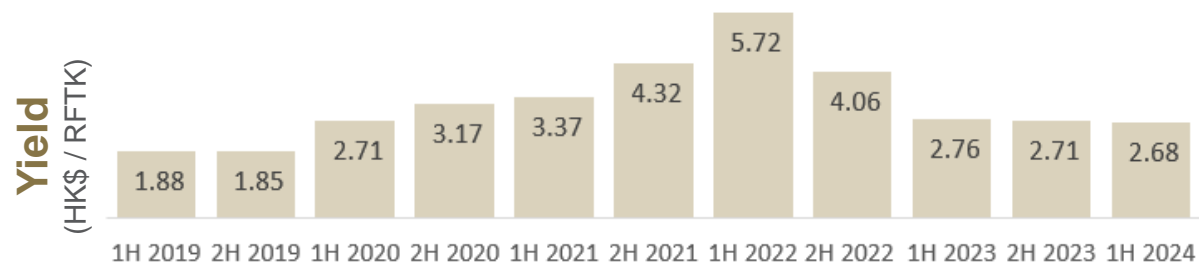
Cargo yields remained robust



- Capacity increased by 11.4% compared with 1H 2023



- Load factor remained at similar level to 2H 2023



- Although lower than the historical highs seen during the pandemic, cargo yields remained robust

Lifestyle



Asia Miles 25th anniversary celebration

Expansive miles rewards & campaigns, members & partners appreciation

New merchandise, channels & events

Samsonite cobrand suitcase, Cathay Shop IG account, Bordeaux Wine Tour

Click to holiday



Refreshed Cathay Holidays products

Tapping into a million of Expedia's properties, refreshed Hertz car rental site

With nearly a million stays as well as Cathay's Pick of curated experiences. Earn and redeem with Asia Miles to also enjoy extra rewards.
Visit Cathay Holidays today.



Flight frequencies

reached 147% of 2019 levels by end of June 2024

Expanded network

operated 25 destinations by end of June 2024

Two Airbus A321neo

delivered in 1H 2024



Financial performance		1H 2024	1H 2023	% Var
Total Revenue	HK\$ million	3,175	2,601	+22.1%
(Loss)/profit after taxation	HK\$ million	(73)	333	-121.9%

Operating statistics		1H 2024	1H 2023	% Var
Available seat kilometres (ASK)	Million	6,370	4,054	+57.1%
Revenue passenger kilometres (RPK)	Million	5,415	3,465	+56.3%
Passenger yield	HK cents	58.6	73.6	-20.4%
Cost per ASK (with fuel)	HK cents	51.0	55.9	-8.8%
Passenger load factor	%	85.0	85.5	-0.5%pt
Aircraft utilisation	Hours/day	7.9	6.8	+16.2%
On-time performance	%	78.5	91.1	-12.6%pt
Average age of fleet	Years	7.8	6.0	+1.8 years

Other subsidiaries and major associates



air Hongkong

- Air Hong Kong recorded a profit at a similar level compared with the same period in 2023



VOGUE LAUNDRY
雅潔洗衣



Hong Kong Airport Services Ltd

- Airline services subsidiaries financial performance improved compared to 1H 2023 benefiting from the gradual business resumption



- The Cathay Pacific Group had an 16.26% interest in Air China at 31 December 2023, which reduced to 15.87% following the issue of 393 million new H shares on 7 February 2024. As a result, a one-off non-cash gain of HK\$90 million was recognised in 1H 2024.
- Our share of Air China's results is based on its financial statements drawn up three months in arrears*. The period from 1 October 2023 to 31 March 2024 was included in our interim results.
- For the six months ended 31 March 2024, Air China's financial results significantly improved (albeit still loss-making) compared to those for the six months ended 31 March 2023

Safety & operational excellence

Our Areas of Leadership



Digital

Sustainability



Capacity rebuild driving lower per-unit cost



HK\$ million	1H 2024	1H 2023	% Var
Staff	6,212	5,400	+15.0%
Inflight service and passenger expenses	1,934	1,225	+57.9%
Landing, parking and route expenses	5,947	4,536	+31.1%
Aircraft maintenance	3,510	2,751	+27.6%
Depreciation, amortisation and rentals	5,450	5,616	-3.0%
Net finance charges	875	880	-0.6%
Other items (including commissions)	3,527	4,231	-16.6%
Total underlying costs (without fuel)	27,455	24,639	+11.4%
Underlying* cost per ATK (without fuel and before tax)	2.32	2.56	-9.4%

* Underlying costs exclude non-recurring items. Please refer to announcement for details.

Our sustainability journey in 1H 2024



1H 2024 accomplishment in sustainability

- The launch of Hong Kong Sustainable Aviation Fuel Coalition
- The signing of Memorandum of Understanding (MoU) with Singapore Airlines (SIA) on sustainability initiatives
- Cathay scored in the top 8% within the travel & leisure sector of FTSE4Good Index Series

Sustainability Report 2023





Outlook



- On 31 July 2024, we bought back the remaining 50% of the preference shares and unpaid preference share dividends totaling HK\$9.98bn. Aggregate dividends of HK\$2.44bn paid for all preference shares over the entire holding period.
- Interim dividend of HK\$0.20 per ordinary share to be paid on 9 October 2024 to shareholders on the record date of 6 September 2024
- We anticipate maintaining a lower yet healthy level of liquidity going forward, similar to pre-pandemic levels
- Committed over HK\$100 billion in investments over the next seven years

Travel: continue to rebuild network and invest for the future



- Entire aviation ecosystem – both in Hong Kong and globally – continues to face constraints with resources and supply chain
- We will work towards reaching 100% of pre-pandemic passenger flights within Q1 2025
- On track with recruitment and training:
 - In 2024, we will further grow our group workforce by around 20% or 5,000 people compared with 2023
 - Training activities are projected to be more than double 2023 levels in 2024
- Now connect to 80+ destinations and expect to rise to 100 destinations within 2025
- Launching all-new Business class experience – Aria Suite – and new Premium Economy seat on redesigned 777-300ER aircraft
- Some further normalisation of long-haul yields in 2H 2024

Cargo: healthy demand to continue



- The second half of the year is the traditional peak period and we expect the healthy demand we have seen throughout the first half of the year to continue
- Continue to adjust our freighter capacity to accommodate our customers' needs, including adding more freighter capacity to the Americas
- Investing in future capacity – six firm orders for A350F freighters and the right to acquire additional twenty



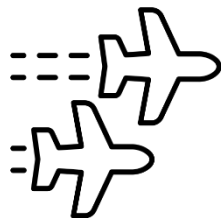
Summary

Committed to invest over HK\$100bn in next 7 years



People

- **20% or 5,000** growth in 2024
- Double training activities in 2024



Fleet

- New aircraft deliveries
 - 2H 2024: **10**
 - 2025: **6**
 - 2026+: **87**



Flights

- **100%** in Q1 2025
- **100** destinations in 2025



Financials

- Bought back remaining **50%** preference shares in July 2024
- Payment of interim dividend of **HK\$0.20** per ordinary share in Oct 2024



Q&A

For more information, please visit our website
www.cathaypacific.com

For queries, please email us at ir@cathaypacific.com

